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## STATE AUDITOR'S OFFICE SECURITIES DEPARTMENT HELENA, MONTANA

RECEIVED STATE AUDITOR'S OFFICE

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HELENA, MONTANA

IN THE MATTER OF:	) Case No.: I 02-12-04-125
E.K. RILEY INVESTMENTS, LLC,	) CONSENT AGREEMENT AND ORDER
Respondent.	)

The Montana Securities Commissioner (Commissioner), pursuant to the authority of the Securities Act of Montana, §30-10-101, et seq., Mont. Code Ann. (2003), hereby alleges the following:

## **FINDINGS OF FACT**

- 1. E.K. Riley Investments, LLC, is a broker-dealer firm located at 1201 Third Avenue, Suite 5300. Seattle, WA 98101. The firm has never been registered in Montana.
- 2. On or about January 27, 2004, the firm applied to the department to register as a broker-dealer firm. In response to a routine inquiry from the state, the firm disclosed that from August 12, 2003 through September 11, 2003, it had transacted business on five occasions with a client then residing in Bigfork, Montana.
  - 3. As a result of the 5 trades, the firm earned commissions in the amount of \$3,527.50.

## CONCLUSIONS OF LAW

- The Commissioner has jurisdiction over this matter by virtue of Respondent's offer and sale of securities in Montana. §30-10-107, MCA.
- 2. Respondent transacted securities business in Montana. §30-10-103(22) and (24), MCA.
- 3. Offer or offer to sell includes "each attempt or offer to dispose of or solicitation of an offer to buy a security or interest in a security for value." §30-10-103(15). MCA.

- 4. In connection with the above offers of securities to persons in Montana,
  Respondent E.K. Riley Investments, LLC violated §30-10-201(1), MCA, by transacting business
  as a broker-dealer firm in Montana without registering as such.
- 5. In connection with the above offers of securities to persons in Montana, Respondent violated §30-10-201(2), MCA, by employing an unregistered salesperson to represent the firm in this state.

## **AGREEMENT**

Without admitting or denying the above findings of fact and conclusions of law,
Respondent E.K. Riley Investments, LLC, hereby stipulates and consents to the following:

- 1. Respondent will comply with the Securities Act of Montana, and the rules and orders promulgated thereunder;
- Respondent verifies that the list of all Montana residents offered securities by
   Respondents is complete and accurate;
  - 3. Respondent will pay an administrative fine in the amount of \$2,000.00;
- 4. Respondent will pay, pursuant to § 30-10-210, MCA, the costs of the examination in this matter in the amount of \$200.00;
  - 5. Respondent will waive their right to a hearing on the allegations contained herein.

Pursuant to the stipulation and consent of Respondent, the Commissioner agrees that if the terms and conditions of the consent agreement are fully met, he will not initiate any civil or administrative action against Respondent, regarding the allegations contained herein, pursuant to \$30-10-305, MCA.

Stipulated and consented to on this \_! \( \frac{1}{2} \) day of August, 2004.

RESPONDENT E.K. RILEY

INVESTMENTS, LLC

By:

EDWARD K RILEY

I	Its: <u>Edward</u> R. Riley
2	Subscribed and Swom to before me this day of August, 2004
3	Notary Public  State of Washington  KIMBERLY ANN FERRY MY COMMISSION EXPIRES  Notary Public for the State of WAShu not Residing at KING
5	OCTOBER 10, 2007 My commission expires OCT 10, 300
6	Dated this day of August, 2004.
7	JOHN MORRISON, STATE AUDITOR
8	By: Don Harris
9	Title: Staff Attorney
11	
12	
13	ODDED
4	ORDER
15	On the basis of the Findings of Fact, Conclusions of Law and Respondent's consent to
6	the entry of this order, for the purpose of settling this matter prior to a hearing; and without
7	admitting or denying any of the Findings of Fact or Conclusions of Law, the Commissioner
8	orders Respondent to pay a fine of \$2,000 and the costs of examination in this matter in the
9	amount of \$200. The Commissioner further orders Respondent to comply with the Securities
0	Act of Montana and the rules promulgated thereunder.
	Dated this 20 day of August, 2004.
2	JOHN MORRISON, STATE AUDITOR
3	By: MMMWowell.
4	Title: KAZEN Pavell Deputy Securities
5	Commission